

Pro-Vice-Chancellor (Planning and Resources)
Professor Anthony P Monaco AB, MA, MD, PhD, FMedSci

University Offices, Wellington Square, Oxford OX1 2JD
Tel: +44 (0)1865 270004 Fax: +44 (0)1865 280411
Email: anthony.monaco@admin.ox.ac.uk Web: www.ox.ac.uk



Wendy Macias
U.S. Department of Education
1990 K Street, NW
Room 8017
Washington DC 20006-8502

Ref. USL

17th August, 2010

Dear Ms. Macias,

RE: Docket ID ED-2010-OPE-0009

The University of Oxford appreciates the opportunity to comment on the Notice of Proposed Rulemaking for "Team II-Foreign Schools Issues." The staff at the U.S. Department of Education deserves praise for their efforts to better understand the issues, complete research, examine all viewpoints, and develop positions on the issues affecting Americans who choose to pursue postsecondary education outside of the United States.

Although we appreciate these efforts, we believe it is important to comment and propose that changes to certain provisions are likely to produce unintended consequences. One such provision, Section §668.23, will greatly and unnecessarily increase the costs and administrative burden of accepting U.S. Title IV loans for many colleges and universities.

Section §668.23 modifies the existing regulations on financial reporting standards for non-U.S. colleges and universities accepting Title IV funds, providing a tiered system of reporting requirements dependent upon the amount of Stafford and PLUS loans received each year. While we appreciate the Department has a responsibility to ensure U.S. students are attending financially stable institutions of higher education, we believe the proposal to require financial statements reported under U.S. GAAP is an unnecessary requirement for achieving the Department's goals and will be incredibly burdensome for the impacted colleges and universities.

At Oxford, we currently process approximately \$12 million per annum in Stafford and PLUS loans (approved on multiple school codes, due to our collegiate system), a small proportion of our total revenues. In fact, at Oxford, US Title IV funds represent only 4% of our tuition related revenue and 1% of our overall revenue. Given these small proportions, it is evident that the University's financial stability is not dependent upon the acceptance of U.S. funds. However, in order to maintain or grow our U.S. student population, Oxford would be subject to the costly burden of financial reporting under U.S. GAAP standards.

Estimates indicate that compiling a separate set of audited financial statements according to U.S. GAAP standards would range in cost between US\$250,000 and \$375,000 for outside auditors and between \$25,000 and \$50,000 in internal costs. While we understand the Department may consider these expenses the "cost of doing business" with the U.S. government, our institution would regard the modified regulations under Section §668.23 as burdensome and expensive requirements. Our institution has been in existence since the



eleventh century and is supported by our government. Its financial reports are reviewed by independent auditors and comply with international standards.

Further, the generally accepted accounting principles in the United Kingdom provide the Department with a clear picture of our institution's financial stability. We note the proposed regulation states the Department would like to review the condition of non-U.S. colleges efficiently and effectively. This review can still be done through UK GAAP, coupled with Section §668.23(h)(3)(i) of the proposed regulations which provides the authority for the Department to require financial reporting "in the manner specified by the Secretary" for institutions where any problems with financial conditions or reporting are suspected.

Given the flexibility that is provided for the Department in Section §668.23(h)(3)(i), we would suggest the regulations should be modified to allow colleges to report financial statements under the GAAP of their home country. We appreciate the Department's indication that it will "perform a comparative analysis between both sets of financial statement to determine if the requirement to provide U.S. GAAP financial statements could be changed in the future." However, we believe this comparative analysis could be completed before implementing such a burdensome regulation on our institution and we would be interested in cooperating with such an analysis outside of this regulatory regime.

Should you require any further information on the impact of this proposed regulation on Oxford and its students, please do not hesitate to contact our dedicated federal loans staff member, Jenny Roberts. Jenny can be reached on jenny.roberts@admin.ox.ac.uk or 011 44 1865 270146.

Yours sincerely

A handwritten signature in purple ink, reading "A P Monaco".

Professor A P Monaco